



# Ranfurly Superannuation Scheme Other Material Information

Dated 05 September 2024

This document contains important information relating to the offer of membership in the Ranfurly Superannuation Scheme that is not contained in the Product Disclosure Statement for the Scheme or the other documents within the Scheme's entry on the register of offers of financial products at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose). It should be read together with those documents. It replaces the Other Material Information document for the Ranfurly Superannuation Scheme dated 19 January 2024.

**The information in this document could change in the future. Please check the offer register at <https://disclose-register.companiesoffice.govt.nz> for any updates.**

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## General Information

In this document:

- the words '**you**' or '**your**' refer to you and other persons who apply for membership of the Scheme or who are accepted as Members of the Scheme.
- the words '**we**', '**us**', '**Manager**' or '**our**' refer to MB Funds Limited (formerly Ranfurly Strategic Limited), the manager of the Scheme. We have prepared the information in this document.
- where words are defined in this section, those words have the meaning given whenever they are used in this document.
- where we refer to something that we or someone else 'currently' does, this describes our or their practice at the date of this document only. We can review and change our practices without notice to you, as long as we comply with the Trust Deed and the Governing Legislation. Other parties may change their practices at any time.

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## Additional information on the Scheme and the persons involved

The Ranfurly Superannuation Scheme was established by Trust Deed on 14 March 2014 which has been amended from time to time. The Scheme transitioned to the FMCA regime on the Effective Date. Prior to the Effective Date the Scheme was known as the SSAS 14 Fund.

### Manager

We act as the Manager of the Scheme. As manager we are responsible for offering and issuing interests in the Scheme to Members, managing the assets of the Scheme, and administering the Scheme. We are licensed under the FMCA as a manager of registered schemes. Further information on our licence is available on the FMA website (<https://fma.govt.nz>) and also on the Financial Service Providers Register website (<https://fsp-register.companiesoffice.govt.nz>).

Some information about us as at the date of this document is below:

### Directors

#### **Christopher Wells**

##### **Managing Director, MB Funds Limited**

Christopher was appointed Managing Director of MB Funds Limited on 9 July 2015. Chris is a Chartered Accountant and member of CAANZ. Christopher has over 30 years of experience in the financial markets. He qualified as a Chartered Accountant and worked in audit in New Zealand, the US and UK before changing focus and working in the highly regulated alternative investments industry in the UK for 15 years where he was heavily involved in finance, systems and compliance. He returned to New Zealand with his family and joined the expanding Infiniti Capital Group as CFO, a performance fee only fund of funds and structured products group. He helped develop Infiniti Capital's structured products business that led to a number of highly successful fund launches across Asia and Europe, raising over USD 2 Billion over a three-year period. More recently he has been assisting entities with restructuring, capital raising and the realisation of distressed assets.

Christopher was born and educated in New Zealand. He qualified from University of Canterbury with a commerce degree and became a Chartered Accountant in 1985. He has an extensive background in operations, finance and compliance.

#### **John Cummins – CIO (appointed 22 January 2024)**

##### **Director, MB Funds Limited**

John is a debt capital markets specialist with a long career in international financial markets. He is ex-head of Credit Markets at Westpac Institutional Bank, ex-Head of RBS Markets AU/NZ and ex-Head of Markets at FIIG Securities. John's specialties include most FICC (fixed income, currencies and commodities) and equity products and more recently financing digital lending both on and off-balance sheet. John is the former CIO and Head of Treasury at one of the first Australian fintech marketplace lenders, SocietyOne, where he had oversight of all investor funding (debt and equity) both on and off-balance sheet.

John successfully conducted equity capital raises for SocietyOne (acquired in 2022 by ASX-listed MoneyMe) as well as establishing and running its warehouse and securitisation programmes with ongoing rated debt capital markets issuances. John managed SocietyOne's funds management capability via establishment and development of an externally rated (by Foresight Ratings) alternative asset income trust to diversify SocietyOne's funding sources over four years.

John is a Founder of VIA Markets AG, a Swiss headquartered, globally focused fintech, revolutionising the \$15 trillion mortgage-backed securities ("MBS") and private debt markets.

**Marcus Morrison (appointed 22 January 2024)**

**Director, MB Funds Limited**

Marcus has become one of the leading professionals in the area of direct property investment & lending in New Zealand and Australia. He is the Co-Founder, and Executive Director of both Zagga New Zealand and Zagga Australia – a marketplace lender on both sides of the Tasman that provides investors (retail and wholesale) with direct investment opportunity into loans backed by property. Zagga has originated ~\$1 Billion in loans since inception and has a current live book of ~\$500m across both businesses (note that Zagga Australia and Zagga NZ have different shareholders and operate separately, albeit with some shared back office functions). Marcus designed the business on both sides of the Tasman, including full process and technology design, licence applications with both the FMA and ASIC, as well as being a leading force in bringing the businesses to market and growing them to their current size. He has also retained roles on the Compliance Committee and is Chair of the Credit Committee for the Australian business.

In addition to this, he is a highly experienced management consultant and business leader who has worked globally for some of the world's most notable and successful organisations in the area of general management, organisational strategy, sales & marketing and people. He has an enviable track record of driving commercial success across a range of industries – including global banking and finance – and is regarded as a leading commercial strategist. Additionally, he has set up and operated a range of successful businesses in the technology, service, importing, and consulting arenas. He holds B.Sc. (1st Class Hons) and B.A. degrees from Victoria University of Wellington.

**Kent Gillman (appointed 22 January 2024)**

**Director, MB Funds Limited**

Kent is a founder with a proven track record of business ownership, disruptive innovation, growth, and successful exits in financial services. He is a highly experienced finance professional with 20 years' experience in the lending and fintech industries. Kent is a recent member of the Code Advisory Group helping shape the new responsible lending code in NZ.

Kent was the Founder and CEO of New Zealand's first Fintech lender, a leading online direct to consumer personal lender. He developed an industry-leading proprietary digital lending platform built for scalability. Kent pioneered NZ's first customer-centric features, including digital document signing, integrated bank statement retrieval and online loan calculators. He also built from scratch a nationwide brand, multi-channel advertising & marketing strategy.

In 2021, Kent founded an innovative fintech business that allows members to access, monitor, and analyse their credit profiles, improve their financial standing, and protect their identity.

In 2004 Kent co-founded a leading non-bank lender, specialising in debt and mezzanine funding to New Zealand SMEs and property investors.

Kent is a Founder of VIA Markets AG, a Swiss headquartered, globally focused fintech, revolutionising the \$15 trillion mortgage-backed securities ("MBS") and private debt markets.

***Mukhtader Mohammed – Independent Director (appointed 22 January 2024)***

***Independent Director, MB Funds Limited***

Mukhtader specialises in debt restructuring, M&A and turnaround management. Mukhtader has over 15 years' experience across a diverse range of industries including airlines, energy, utilities, infrastructure, oil & gas, and construction. Mukhtader has worked in Australia, USA, Papua New Guinea, Singapore and Spain. Mukhtader is the co-founder and Managing Director of Arbitrium Capital Partners, an Australian investment firm specialising in investing in special situations, opportunistic credit and stressed and distressed debt with over \$300m in committed funds. Prior to this, Mukhtader was a Director at Deloitte Australia in Financial Restructuring and Debt Advisory. Prior to Deloitte, Mukhtader worked at Qantas Airways Limited and before that to that he worked in restructuring at Taylor Woodings (now FTI Consulting Australia). Mukhtader has advised on corporate debt transactions with debt values aggregating approximately \$14bn.

Mukhtader has a MBA (Executive) from AGSM, Sydney and Leonard, N.Stern School of Business, NYU in New York. Mukhtader holds a Bachelor of Commerce (Accounting and Finance) from Curtin University in Perth, Australia, and is a member of Chartered Accountants Australia and New Zealand.

Our Directors may change from time to time without notice to Members. The current directors may be found on the Companies Office website, at <https://companies-register.companiesoffice.govt.nz> (company number 4945239).

Our ultimate holding company is MB Private Limited, information about the company can be found on the Companies Office website, at <https://companies-register.companiesoffice.govt.nz>.

As at the date of this document we manage the Ranfurly Superannuation Scheme and IVCM (NZ) PIE Superannuation Fund superannuation schemes.

## Supervisor

Public Trust is the Supervisor of the Scheme. The Supervisor is responsible for supervising the performance of our functions as Manager. The Supervisor (or someone else it appoints in accordance with the FMCA and the Trust Deed, and who cannot be us or a related party to us) also holds all assets of the Scheme in trust for the Scheme's Members. Some information about the Supervisor is below:

### **Licence**

On 17 September 2012, the Supervisor was granted a licence pursuant to the Financial Markets Supervisors Act 2011. The license was renewed on 17 January 2023. Further information on the Supervisor's licence is available on the FMA website (<https://fma.govt.nz>) and also on the Financial Service Providers Register website (<https://fsp-register.companiesoffice.govt.nz>).

The Supervisor is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002, under the provisions of the Public Trust Act 2001 ('Act'). The Supervisor has more than 140 years' experience in a wide range of services as trustee, executor, manager and attorney. The Supervisor currently administers estates, trusts, funds and agencies. The Board of the Supervisor is responsible for its supervision and management.

You can find the current board members of Public Trust at [www.publictrust.co.nz](http://www.publictrust.co.nz)

The address of the Supervisor is:

#### *Postal address:*

Corporate Trustee Services  
Public Trust  
PO Box 5902  
Wellington 6140

## Custodian

Public Trust is the custodian for the Scheme and holds the assets of the Scheme through its wholly-owned nominee company, Public Trust NZCS Nominees Limited.

## Other Parties

### **Service Providers**

We may appoint administration or investment managers to carry out administration or investment management (as applicable) of the Scheme. Any administration or investment managers appointed by us may change from time to time without notice to you.

As at the date of this document we have delegated the functions of investment accounting and registry to Adminis NZ Limited.

#### *Postal Address:*

PO Box 25555  
Wellington 6140

As at the date of this document investment management and daily administration is to remain with us.

## Auditor

BDO Christchurch Audit Limited has been appointed as Auditor of the Scheme. BDO Christchurch Audit Limited is registered under the Auditor Regulation Act 2011. Other than in its capacity as auditor, and the provision of tax compliance services which it provides to us, BDO Christchurch has no relationship with, or interests in, the Scheme.

## Solicitors

Our Solicitors are DLA Piper New Zealand. Other than in its capacity as legal advisors which it provides to us, DLA Piper New Zealand has no relationship with, or interests in, the Scheme.

## No Guarantee

There is no guarantee from the Crown or any other person in respect of the Scheme or any Fund of the Scheme. No person associated with the Scheme guarantees the repayment of capital or the investment performance of the Scheme. Our obligations, and those of the Supervisor, are not guaranteed by any third party.



## Additional information on the terms of the Scheme

### Establishment

The Scheme was originally established under a Trust Deed dated 14 March 2014, as amended and replaced on 5 August 2015, 23 November 2016, 16 December 2016, 26 May 2017 and 10 December 2020. The Trust Deed is available on the schemes register at <https://disclose-register.companiesoffice.govt.nz> (scheme number SCH 11231).

The Scheme is registered on the register of managed investment schemes under the FMCA as a "superannuation scheme". The operation of the Scheme is governed by the FMCA.

When you become a Member of the Scheme you get the benefit of, and are bound by, the terms of the Scheme as set out in the Trust Deed. The FMCA provides that the Superannuation Scheme Rules (which, amongst other things, set out the rules around permitted withdrawals from the Scheme) and certain other terms are implied into the Trust Deed.

### Other key terms

#### **Adding, terminating, amalgamating and varying Funds**

We can add new Funds by updating the SIPO. We can also close, wind-up, amalgamate or otherwise alter the Funds after prior consultation with the Supervisor and notice to affected Members. Where a Fund is to be wound-up or amalgamated with another Fund, affected Members will be given three months' notice (unless the Supervisor agrees to a lesser period). In any other case, affected investors will be given notice within 10 days. Where we close a Fund, any further investments that were to be made to that Fund will instead be made to another Fund we nominate at our discretion (but you can choose another Fund if you wish, at no additional cost). Where we wind-up a Fund, your investment in that Fund will be moved to another Fund we nominate at our discretion (but you can choose another Fund if you wish, at no additional cost).

#### **Suspension of Funds**

We can suspend redemptions from a Fund where we think allowing redemptions would be materially prejudicial to Members of the Scheme (e.g., this could happen if an Underlying Fund that a Fund invests into is suspended). The suspension will last until either we cancel it, or for 90 days (or such longer period as agreed with the Supervisor) or the date the suspension is lifted in the Underlying Fund.

#### **Units**

Each Fund is divided into a number of Units of equal value. The Units are issued when you invest in or switch some or all of your investment into a Fund from another. The Units are redeemed for cash in order to pay taxes and certain fees (such as financial adviser fees), to pay benefits you become entitled to, and when you switch some or all of your investment out of a Fund into another.

#### **Valuation of Units**

We value the Units weekly on the last business day of the week. We can value them more frequently by agreement of the Supervisor. In summary, to value the Units, we take the value of all of the Fund's assets, deduct the value of all the Fund's liabilities and then divide the result (which is the Value of the Fund) by the number of Units in the Fund. Further details about the how the Units are valued is set out in the Trust Deed and in the Scheme's valuation policy both available on the Disclose website <https://disclose-register.companiesoffice.govt.nz>.

#### **Manager and Supervisor's indemnity from the Scheme**

Both we and the Supervisor have the benefit of an indemnity from the Schemes for any claims, costs, damages, liabilities or expenses that are reasonably paid or incurred in acting as manager or supervisor (as the case may be). This indemnity does not apply where we or the Supervisor (as the case may be) have failed to show the care and diligence required by law, or we or the Supervisor have intentionally breached the Trust Deed or the law. The indemnity is only available in respect of the proper performance of our functions under the FMCA.

### **Removal and retirement of Supervisor**

We can remove the Supervisor on 90 days' notice (or such lesser period agreed with the Supervisor) but only with the approval of the FMA. We can also remove the Supervisor immediately with the FMA's approval where the Supervisor is placed into liquidation, receivership or statutory management. Members can remove the Supervisor by Special Resolution. The Supervisor can resign on 90 days' notice (or such lesser period agreed with us).

Generally, the removal or retirement of the Supervisor cannot be completed until a new supervisor is appointed and signs the Trust Deed. In most cases, we have the power to appoint a new supervisor. Once the new supervisor signs the Trust Deed, the old Supervisor will be released from all its responsibilities under the Trust Deed.

### **Removal and retirement of Manager**

The Supervisor can remove us as Manager after certifying that it is in the best interests of Members. For example, this could be where we have been placed into liquidation, receivership or statutory management. Members can remove us by Special Resolution. The FMA can apply to Court to have us removed. We can resign on 90 days' notice (or such lesser period agreed with the Supervisor).

The Supervisor has the power to appoint a new Manager. The new Manager has to sign the Trust Deed. Once the new Manager has signed the Trust Deed, we will be released from all our responsibilities under the Trust Deed. If we are removed, then the Scheme has to stop using the name 'Ranfurly' unless we agree otherwise.

### **Amendments to Trust Deed**

The Trust Deed can be amended by agreement between us and the Supervisor. However, the Supervisor has to be satisfied that the amendment does not have a material adverse effect on Members. Alternatively, the amendment must either be approved by Special Resolution of those Members who are adversely affected or, in the case of an amendment that reduces, postpones or otherwise adversely affects benefits, the written consent of all Members who would be adversely affected by the amendment. Generally, a lawyer will need to sign off that the proposed amendment meets these requirements.

### **Winding up**

We can wind up the Scheme by notifying the Supervisor in writing. The Supervisor can wind up the Scheme if it considers that the Scheme is or will be unable to fulfil its purpose. The Scheme will be wound up if it has no Members or beneficiaries and the Supervisor resolves that the Scheme is wound up. The FMA can also wind up the Scheme using its powers under the FMCA.

From the winding up date, no new Members can join the Scheme, no new contributions can be made to the Scheme and no further benefits will be paid. We will sell all the Scheme's assets as soon as we reasonably can (using commercial common sense) to realise cash. Then, we will pay from that cash all reasonable costs, fees, liabilities and expenses for the winding up and other expenses that accrued up to the winding up date. After that, we will pay unpaid benefits. Finally, we will pay each Member a proportionate share of the remainder.

### **Meetings**

We will call meetings of Members where required by the FMCA and such meetings will be conducted in accordance with the provisions of the FMCA. At a meeting, Members can give directions to us or the Supervisor by passing a Special Resolution. We and the Supervisor will comply with any such directions but will not be liable for anything done or omitted by reason of following those directions.

### **Other Administrative matters**

We maintain a register of Members which includes details such as the value of his or her Member Accounts. This register is audited annually by the Scheme's Auditor. We also keep accounting records, prepare annual financial statements for the Scheme in accordance with the applicable statutory requirements and have these audited by the Scheme's Auditor. The financial statements will be lodged on the Scheme's entry on the scheme register on the Disclose website annually.

## Material Contracts

### **Trust Deed**

The Scheme is governed by the Trust Deed. The Scheme's original Trust Deed was dated 14 March 2014. That Trust Deed was replaced by Trust Deeds dated 5 August 2015, 23 November 2016 and 16 December 2016. That replacement Trust Deed was further replaced by another Trust Deed dated 26 May 2017 and amended on 10 December 2020. That replacement Trust Deed is the most current Trust Deed as at the date of this document. The key terms of the Trust Deed are summarised above. The full Trust Deed is available from the Scheme's scheme register on Disclose website <https://disclose-register.companiesoffice.govt.nz>.

### **Supervisor Reporting Agreement**

We have entered into a supervisor reporting agreement with the Supervisor. This clarifies the parties' respective functions, power and duties in respect of the Scheme. This includes responsibility for compliance with requirements such as preparation of disclosure documents required by the FMCA. In addition, the agreement provides for regular and ad hoc reports to be provided to the Supervisor in respect of various matters related to the Scheme.

### **Administration Agreement**

We have entered into an administration agreement with Adminis NZ Limited. Under this agreement, we have delegated certain functions to Adminis NZ Limited such as unit pricing, fund accounting and maintaining the register of members. This agreement is on what we consider to be standard terms.

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## Additional information on NZ taxation

The information in this section is only intended to provide general guidance on New Zealand income tax law as it relates to Members and is an indication of the relevant legislation in effect as at the date of this document. The application of tax law is fact specific. You should seek professional tax advice specific to your individual circumstances (including your foreign tax position) prior to investing in the Scheme so that you clearly understand the taxation implications of such an investment. None of MB Funds, the Supervisor, or any other person accepts any responsibility for the taxation consequences of your investment in the Scheme.

### General information about the Scheme as a PIE

As at the date of this document the Scheme is a 'Foreign Investment Zero-Rate PIE' for New Zealand tax purposes.

As a PIE, the Scheme attributes all its taxable income (or losses) between its Members, based on the number of Units held by that Member. The Scheme will pay any tax due on the taxable income attributed to a Member by reference to the Member's PIR. Any tax payable by the Scheme on income attributed to Members will be recovered by cancelling Units equal to the value of the tax liability.

### Non-New Zealand tax residents and transitional residents

Members who are not tax resident in New Zealand can elect to be 'Notified Foreign Investors' by selecting the 0% PIR on the Application Form and providing the required information regarding their tax file number in their local tax jurisdiction, their name, date of birth, address and New Zealand IRD number (if they have one). Notified Foreign Investors will have a PIR of 0% meaning that no New Zealand income tax should be payable by the Scheme on their attributed PIE income.

Transitional residents who have recently moved to New Zealand can also elect a 0% PIR whilst they hold transitional resident tax status. Transitional residents must provide us with the date of commencement of their transitional tax residency as part of their application. They must also provide us with a PIR before the completion of their transitional residency. Transitional tax residents who do not provide a commencement date or a PIR will be taxed at 28%.

Members who are not tax resident in New Zealand and do not elect to be 'Notified Foreign Investors' will have a PIR of 28% and will be subject to New Zealand tax on their attributed PIE income at the rate of 28%. Inland Revenue has the right to override a Member's notified status as a Notified Foreign Investor and treat them as a non-resident, taxed at 28%.

### New Zealand tax residents

New Zealand tax resident Members will be required to provide us with their New Zealand IRD number at the time of joining the Scheme. Any New Zealand residents who do not provide, or who have not provided, their correct New Zealand IRD number and PIR will be subject to tax on their attributed income at the default rate of 28%.

A New Zealand tax resident Member's PIR will be one of the following rates (assuming they have provided us with their correct IRD number):

- 10.5% where the Member is a New Zealand tax resident and, in either of the two previous income years (income year being a defined concept under the Income Tax Act 2007), they earned less than or equal to both:
  - \$14,000 of taxable income (excluding income attributed from PIEs); and
  - \$48,000 of total taxable income and income attributed from PIEs; or
- 17.5% where the Member is a New Zealand tax resident, they do not qualify for the 10.5% rate, and, in either of the two previous income years, they earned less than or equal to both:
  - \$48,000 of taxable income (excluding income attributed from PIEs); and
  - \$70,000 of total taxable income and income attributed from PIEs; or
- 28% for all New Zealand tax resident individual Members who do not qualify for the 10.5% or 17.5% rates. The New Zealand Government may change these rates and income bands at any time.

If a Member becomes a New Zealand tax resident, then the gross income earned from foreign sources must be included in their taxable income when determining their PIR. However, a Member does not need to include income from foreign sources when determining their PIR in:

- the income year they become New Zealand resident; or
- the following income year;

if they expect that their taxable income for the relevant year will be significantly lower than their total income from all sources for the income year before they became New Zealand tax resident.

### **PIRs and Notified Foreign Investor status**

If a Member's PIR changes, the Member must notify us. If you are uncertain as to your PIR, we recommend that you seek specific professional advice.

If a Member's notified PIR is too low, the Member may be required to pay any tax shortfall to the Inland Revenue (plus interest and penalties). Any excess tax paid because the Member's notified PIR is too high will be used to reduce any income tax liability the Member may have with the Inland Revenue for the tax year and any remaining amount will be refunded to the Member by the Inland Revenue.

If a Member has elected to be a Notified Foreign Investor but does not meet the status, that Member will generally be treated in the same manner as a New Zealand tax resident investor who notifies a PIR that is too low. The income will not be excluded income and the Member should include that income in a New Zealand tax return and claim a credit for any tax paid by the Scheme on their behalf.

Where a notified foreign investor or transitional resident changes status or becomes New Zealand tax resident they must notify the Scheme and their status will be changed as soon as reasonably practicable, but at least by the start of the next tax year (i.e. 1 April).

The Scheme must annually request Notified Foreign Investors to confirm their status as such and request other Members to confirm their PIR rate.

### **Further information on taxation of PIEs**

All of the Funds described in the PDS and this document operate under the PIE tax regime. PIEs are generally not subject to tax on any gain from the sale of shares in New Zealand tax resident companies or Australian tax resident companies which are included in certain approved Australian Stock Exchange indices (currently including the Standard & Poor's All Ordinaries Index), have a franking account and are not stapled securities.

Most overseas shares and interests in Underlying Funds held by the Funds are taxed under the fair dividend rate (**FDR**) method. Under the FDR method, a Fund is deemed to derive income in each income year equal to 5% of the market value of its overseas shares and interests in managed funds calculated on a daily basis.

Any dividends or other returns flowing from overseas shares and interests in managed funds taxed under the FDR method will not be separately taxed in New Zealand.

Also under the FDR method, any losses in respect of holdings in overseas shares and interests in managed funds are not deductible.

Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

The FDR calculation method is not able to be used for interests in certain overseas bond funds held by the Funds (in general, where the overseas fund holds assets of which 80% or more by value are debt instruments either denominated in NZ Dollars or largely hedged back to NZ Dollars). Investments held by the Funds in these circumstances are taxed pursuant to the Comparative Value (**CV**) method. The CV method taxes the actual gain (or loss) each year from these funds (i.e. the aggregate of changes in market value, income distributions and gains or losses on sale). Any losses are deductible for tax purposes.

Other income of the Funds (e.g. interest on bank deposits, foreign exchange gains from non-New Zealand dollar denominated debt instruments, and income derived from hedging contracts) will be subject to the relevant normal tax rules. Income from debt securities and hedging contracts is taxed under the financial arrangement

rules typically using a method that reflects the financial reporting of that income. The Funds are entitled to tax deductions for expenses incurred in earning their income, and for any foreign exchange and hedging losses.

Legislation enacted in July 2013 introduced a new, optional rule that allows the Scheme to effectively apply the FDR rules to its foreign currency hedging arrangements, rather than the financial arrangement rules, where the hedging arrangements relate to investments taxed under the FDR regime. The new rules are intended to provide symmetrical tax treatment for the investment and relevant currency hedge. The Scheme has elected to apply these new rules to the extent of its qualifying hedging arrangements.

Under current tax legislation and assuming a Member's notified PIR is not too low, Members are not liable for income tax on their investment returns or on withdrawals from the Scheme. If a Fund becomes ineligible to be a PIE, different taxation treatment would apply to investors.

For New Zealand tax resident Members who are not transitional tax residents, a partial tax is applicable on lump-sum receipts from foreign superannuation schemes or amounts transferred from foreign superannuation schemes to New Zealand or Australian superannuation schemes. The Scheme is not a foreign superannuation scheme and the legislation is only relevant in connection with transfers to the Scheme from foreign superannuation schemes. We recommend that New Zealand tax resident Members, or prospective Members, of the Scheme seek further professional advice in connection with any transfers from foreign superannuation schemes.

Further information on PIRs and PIEs can be found at [www.ird.govt.nz](http://www.ird.govt.nz).

## Additional information on risks

All investments carry risk. There are risks associated with the Scheme that could affect your ability to recover the amount of your contributions, or impact on the returns payable from the Scheme. Events affecting investments cannot always be foreseen, and no-one guarantees any rate of return (or the return of capital). The value of your investments can go up or down at any time.

We cannot eliminate all risk. We do our best to try to mitigate (meaning reduce and manage) the risks, but we cannot guarantee that our risk management methods will always be successful.

Before joining the Scheme, you should carefully consider the risks. Your financial adviser can explain the risks in more detail, and tailor advice to suit your needs and objectives.

The main risks of investing in the Scheme are summarised in the PDS – namely market risk, currency risk, UK pension transfer risk, scheme risk, hedging risk and manager risk.

This section sets out other risks that you should consider before joining the Scheme. The Scheme's SIPO also provides information relating to how we manage risk.

### **Regulatory Risk**

Regulatory risk is the risk of future changes to laws or regulations (including tax, the FMCA, or other legislation including UK legislation) that could affect the operation of the Scheme or its investments, or the benefits available to Members. For example, an amendment to the Income Tax Act 2007 could affect Members' contributions or benefits, or entitlements to member tax credits.

We try to mitigate regulatory risk by staying abreast of regulatory developments and seeking professional advice on those developments, where appropriate.

### **Poor Performance of Investment Funds**

The Fund or Funds into which your Member Account is invested could perform badly and you could lose money as a result.

The Scheme's Manager has selected Baillie Gifford as the underlying investment manager of the Scheme. We may change this in the future. We will provide prior notice to you when we change or add an underlying investment manager.

By investing in the Scheme's Funds, you are gaining exposure to Underlying Funds managed by Baillie Gifford. You therefore rely on the skill and expertise of the Underlying Manager and the success of the investment strategies pursued by the Underlying Manager. If the Underlying Manager makes poor investment decisions or if the underlying investment strategies are not successful, this could cause the Scheme's Funds to perform badly and you could lose money.

This risk may be exacerbated by the fact that you do not have on demand access to your Member Account but must instead wait until you are eligible for a benefit payment or make a transfer to another scheme.

We try to mitigate the risk of poor performance of Funds by conducting due diligence on the Underlying Manager to try and ensure it is reputable and has the requisite skill and expertise to manage the Underlying Funds.

### **Suspension Risk**

The Scheme or one or more of the Funds may be suspended. While the Scheme or a Fund is suspended you will not be able to access your investments within the Scheme or that Fund. This means that even if you are entitled to a benefit payment from the Scheme you may not be paid that benefit until the suspension is lifted. It also means that any request to transfer out of the Scheme may be delayed.

Suspension of a Fund is most likely to occur where one of the Underlying Funds into which the Fund invests has itself been suspended because they are unable to sell assets in a timely fashion or on acceptable commercial terms to pay redemption requests.

We try to mitigate suspension risk by having our Funds invest in underlying funds that are large and liquid and so only pose a low risk of triggering a suspension of the Funds.

### **Market Risk**

From time-to-time, market conditions will materially and adversely affect returns on a Funds' investments. Market performance is affected by demand and supply, economic, technological, political, tax and regulatory conditions as well as market sentiment.

We try to mitigate market risk by selecting Underlying Funds which are managed by investment managers who are reputable and who have the requisite skill and expertise.

### **Geographic Concentration Risk**

The Underlying Funds are biased towards investments in the geographic region of the currency in which they are denominated (but will also hold investment outside that region). They are therefore more likely to be affected by risk factors and market factors which affect that geographic area. These risk factors could include legislative changes, general economic conditions and market forces.

We try to mitigate geographic concentration risk by having our Funds invested in one or more Underlying Funds and conducting due diligence on those Underlying Funds to seek to ensure that the geographic concentration risk does not exceed what we consider acceptable parameters.

### **Currency Risk**

The Ranfurly Sterling Growth Fund, Ranfurly Sterling Balanced Fund and the Ranfurly Sterling Conservative Fund are denominated in Pounds Sterling. If you are invested in one or more of these Funds and this is not your home currency, the value of your investment in the Scheme will be affected by the exchange rate between the currency in which the Funds are denominated and your home currency. We are not in a position to be able to mitigate this risk for you.

### **Hedging Risk**

The Funds invest into Underlying Funds that are denominated in Pounds Sterling. We hedge the Sterling assets of the Ranfurly New Zealand Dollar Growth Fund and Ranfurly New Zealand Dollar Balanced Fund to the currency of the Fund (New Zealand Dollars). If the investments are not fully hedged the performance of the Funds will be affected by the exchange rate movements between the currency in which the Funds are denominated and Pounds Sterling.

MB Funds retains a portion of investment into the Ranfurly New Zealand Growth Fund and Ranfurly New Zealand Dollar Balanced Fund to provide liquidity to cover the margin liability of the hedges. This requires us to hold additional cash in the Funds. The margin liability is matched by an offsetting increase in the value of the assets held by the Fund. The Funds are liable to pay this from the assets of the Fund which we may redeem from time to time to increase liquidity to repay the liability.

The Underlying Funds into which the Funds invest are denominated in Pounds Sterling. However, the assets into which those Underlying Funds invest may be denominated in different currencies. Fluctuations in the exchange rate between the currencies in which the Underlying Funds are denominated and the currencies in which these assets are denominated will affect the Underlying Fund's value. In some cases, the managers of the Underlying Funds may seek to mitigate this risk by putting 'hedging' contracts in place that seek to minimise the effect of changes in the exchange rate between currencies.



### **Administration Risk**

Technological failure or human error in the administration of the Scheme could result in your Member Account being incorrectly credited or debited, investments in the Funds being incorrectly acquired or disposed of on your account, the Scheme failing to meet its legal obligations and/or unnecessarily drawing the attention of regulatory authorities.

We mitigate administration risk by conducting due diligence on our service providers to ensure they are reputable and have the requisite skill and expertise to properly provide their services. We also monitor the day-to-day activities of the administrator and validate the transactions processed by the administrator.

### **Past Performance**

The past performance of the respective Underlying Funds is not a guide to the future performance of the Scheme. Any information on past investment track record performance, if provided, is provided for illustrative purposes only. The performance of the Scheme is dependent upon the success of the particular investments the Scheme makes, and the provision of information on past performance of previous investments and funds should not be taken to suggest that past performance will be repeated or be similar to the performance of the Scheme.

### **Status as a Foreign Investment Zero Rate PIE**

If the Scheme breached its status as a foreign investment zero rate PIE and did not rectify this within the safe harbour period, it would become a foreign investment variable-rate PIE. This would alter the tax rate PIR applicable to Members depending on the source of income and potentially increase it from 0% to as much as 28% for notified foreign investors.

We try to mitigate this risk by monitoring the investment position of the Funds with a view to ensuring that the foreign investment zero rate PIE requirements continue to be met.

### **Loss of QROPS Status**

At the date of this document the Scheme is a QROPS, meaning certain UK tax treatment applies to Members who transfer UK pension funds into the Scheme. If the Scheme loses its QROPS status the UK tax implications of transfers into the Scheme may change. Neither the Supervisor nor any other person will be responsible for any tax consequences arising for Members in this eventuality.

We try to mitigate this risk by managing the Scheme in accordance with our understanding of the prevailing rules for QROPS, such as reporting of benefit payments to HM Revenue & Customs, and taking advice on those requirements from professional advisers, where appropriate.

### **Overseas Pension Transfers**

Transfers received into the Scheme from overseas schemes (such as UK pension transfers or transfers from other jurisdictions) can be subject to complex rules, both in the jurisdiction in which the transfer originated and here in New Zealand where the transfer is received. If you make such a transfer to the Scheme, it is likely there will be tax and other implications for you as a result. It is your responsibility to obtain professional advice from an appropriately qualified adviser to ensure you properly understand the tax and other implications that will arise in your particular circumstances. By making the transfer you acknowledge we are not responsible for advising you about those implications or discharging them on your behalf and we expressly disclaim any and all liability arising in respect of the transfer, provided we acted in good faith.

### **Other General Risks**

There are other general risks applying to the Scheme that could affect returns. They include:

- insolvency risk, where the Scheme becomes insolvent or is placed into receivership or similar, which could mean that a Member does not receive back the full amount of their interest in the Scheme; and
- the risk that those providing services in relation to the Scheme fail to perform their obligations.

The impact that future economic conditions may have on the Funds cannot be predicted, they may be positive or negative. There may be negative returns in the Funds from time to time, and negative returns could continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect Fund investments. There may also be risks that are unknown at the date of this document. We require that you consult an appropriately qualified and experienced Financial Adviser before making a decision to invest in the Scheme.

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## Additional information on Overseas Pension Transfers

### Transfers from UK Pensions

The Scheme is a QROPS. This means you may be able to transfer UK pension funds to the Scheme e.g. from a registered pension scheme in the UK or from another QROPS.

UK pension funds that are transferred to the Scheme will be subject to such restrictions as are imposed by the prevailing rules for QROPS. As at the date of this document this means you cannot make a withdrawal from UK Pension Transfer Accumulation within your Member Account before age 55, unless you meet the 'ill health' or 'serious ill health' conditions or the withdrawal would otherwise be an authorised member payment (as defined in the Finance Act 2004 (UK)). The Normal Minimum Pension Age may be changed by HMRC. At the date of this document HMRC have increased the Normal Minimum Pension Age from 55 years to 57 years from 5 April 2028. This change will affect you if you are younger than 57 years of age and do not have protected pension rights carried over from your transferring scheme on the 5 April 2028. Other transfer conditions may impact the date of the Normal Minimum Pension Age. Access to UK derived contributions is governed by the HMRC QROPS rules. Breaches of these rules may result in unauthorised payment charges being levied. The rate of the unauthorised payment charge is 40% of the amount being withdrawn. There is an additional unauthorised payment surcharge of 15%, where a member withdraws 25% or more of their UK derived contributions. This means a total charge of up to 55% of the amount withdrawn may be levied.

The rules for QROPS are wide ranging and there may be implications for QROPS such as the Scheme and their members that are made in the future or clarified as a consequence of the changes. HMRC may change the QROPS rules and penalty rates at any time.

If you are not a NZ tax resident at the time of your UK pension transfer, it may be subject to a 25% UK tax (the 'overseas transfer charge'). This charge may also apply if, in the five clear and complete UK tax years after your transfer, your tax residency changes, or you on-transfer your UK Pension Transfer Accumulation to another scheme. We may deduct and pay this charge if it applies. You must tell us about any change to your address or tax residency.

Other UK tax charges (the 'member payment charges', including the unauthorised member payment charges referred to above) may apply if you withdraw or on-transfer your UK Pension Transfer Accumulation and you have not been tax resident outside the UK for ten clear and complete UK tax years or less than five years has elapsed since your UK pension transfer. You are responsible for these tax charges if they apply.

We report withdrawals, transfers and certain other information about your UK Pension Transfer Accumulation to HM Revenue & Customs as required by the QROPS rules.

When transferring from a UK Registered Pension Scheme, any pension funds which have not already been designated to commence paying benefits (which is to say where the pension payments have been started or considered started), or for any portion of the pension funds which has not been so designated, or where the Member is not yet age 75, will be tested against the UK Lifetime Allowance test. This test, which is designed to take into account all pension benefits, tests to see if the total pension holdings, relative to certain enhancements which may on occasion be available, are in excess of the taxed advantaged limits prescribed by HMRC. Where they are considered to be in excess of this amount, a tax charge of 25% may be levied prior to transfer.

We require you seek advice from an appropriately qualified and experienced financial adviser before joining or making a transfer to the Scheme. For any UK pension transfer from a defined benefit scheme where the transfer value is GBP30,000 or more, you **must** first obtain advice about that transfer from a UK Registered Financial Adviser.

## Transfers from Other Retirement Savings Schemes

The Scheme's Trust Deed allows the Manager to accept transfers from Other Overseas Retirement Savings Schemes. This means you may be able to transfer your pension funds to the Scheme e.g., from a registered Irish pension scheme, where it is allowable for that Other Overseas Retirement Savings Scheme to do so.

If a Member wishes to make an Other Overseas Retirement Savings Scheme Transfer, that transfer amount shall be transferred and credited to the Member's Member Account subject to:

- such conditions as the Manager determines are necessary or desirable to ensure the transfer is effected in accordance with the laws governing the Other Overseas Retirement Savings Scheme; and
- such other terms and conditions as are agreed between the scheme manager of the Other Overseas Retirement Savings Scheme from which the Other Overseas Retirement Savings Scheme Transfer is received and the Manager and/or such other terms and conditions as the Manager may determine as being necessary or desirable or in the interests of the relevant Member or the Scheme.

## Additional information on the Permitted Withdrawals

Permitted Withdrawals are those withdrawals that are allowed under the Superannuation Scheme Rules and the Scheme's Trust Deed.

There are different Permitted Withdrawals for:

- your UK Pension Transfer Accumulation, and
- your Other Contributions.

Under the QROPS Rules, the 'first dollar' rule applies, which means that any withdrawals from the Scheme are considered to be a withdrawal from your UK Pension Transfer Accumulation first. A withdrawal from your Other Contributions prior to receiving a withdrawal from your UK Pension Transfer Accumulation may therefore have UK tax consequences for you. We strongly recommend you seek advice from an appropriately qualified and experienced financial adviser so you can properly understand these consequences as they apply in your particular circumstances.

### UK Pension Transfer Accumulation

You can make the following withdrawals from your UK Pension Transfer Accumulation:

When making lump sum withdrawals, you can either withdraw everything or keep your money invested and make partial lump sum withdrawals when you want.

| Type                                 | When  | How much  | Who approves your request? |
|--------------------------------------|---|---|----------------------------|
| <b>UK normal minimum pension age</b> | On reaching UK 'normal minimum pension age' (currently 55*)   | Up to the full value of your Member Account, as requested by you. | Us                         |
| <b>UK ill-health</b>                 | On meeting the 'ill health condition' under UK law. This is where: <ul style="list-style-type: none"> <li>• we have received evidence to our satisfaction from a registered medical practitioner that you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment, and</li> <li>• you have, in fact, ceased to carry on your occupation.</li> </ul> | Up to the full value of your Member Account, as requested by you. | Us                         |
| <b>UK serious ill-health</b>         | On meeting the 'serious ill-health condition' under UK law. This is where before the age of 55*: <ul style="list-style-type: none"> <li>• we have received evidence to our satisfaction from a recognised medical practitioner that you suffer serious ill-health, and</li> <li>• that you are expected to die in less than one year</li> </ul>   | Up to the full value of your Member Account, as requested by you. | Us                         |

*\* The HMRC have increased the Normal Minimum Pension Age from 55 years to 57 years from 5 April 2028. This change will affect you if you are younger than 57 years of age and do not have protected pension rights carried over from your transferring scheme on the 5 April 2028. Other transfer conditions may impact the date of the Normal Minimum Pension Age.*

### Annuity

The Manager must arrange for an annuity instead of all or part of a lump sum benefit where this is a requirement of a transfer from another superannuation scheme or pension scheme and an annuity is available for purchase on the open market. An annuity is a financial product that pays a stream of regular, defined payments for a specified period, such as until your death.

## Other Contributions

You can make the following withdrawals from your Other Contributions:

When making lump sum withdrawals, you can either withdraw everything or keep your money invested and make partial lump sum withdrawals when you want.

| Type                                     | When  | How much   | Who approves your request? |
|--|---|--|----------------------------|
| <b>Superannuation qualification date</b> | On reaching NZ superannuation qualification age (currently 65)  | Up to the full value of your Member Account, as requested by you                       | Us                         |
| <b>Early retirement</b>                  | 5 years before NZ superannuation qualification age (i.e. 60) if the Supervisor is satisfied you have permanently retired from business or employment.   | Up to the full value of your Member Account, as requested by you                       | Supervisor                 |
| <b>Transition to retirement</b>          | 10 years before NZ superannuation qualification age (i.e. 55) but the withdrawals will be paid in a series of periodic payments.  | Periodic payments over up to a 10 year period as set out in the formula set out below. | Supervisor                 |
| <b>Significant Financial Hardship</b>    | The Supervisor is satisfied you are suffering 'significant financial hardship'. This includes: <ul style="list-style-type: none"> <li>• your inability to meet minimum living expenses,</li> <li>• your inability to meet mortgage repayments on your main family residence resulting in the mortgagee seeking to enforce the mortgage,</li> <li>• the cost of modifying a residence to meet special needs arising from a disability suffered by you or a dependant,</li> <li>• the cost of medical treatment for an illness or injury suffered by you or a dependant,</li> <li>• the cost of palliative care for you or a dependant,</li> <li>• the cost of a funeral for a dependant.</li> <li>• suffering from serious illness.</li> </ul> | Up to full value of your Member Account, as determined by the Supervisor               | Supervisor                 |
| <b>Serious illness</b>                   | The Supervisor is satisfied you are suffering from 'serious illness'. This means an injury, illness, or disability: <ul style="list-style-type: none"> <li>• resulting in you being totally and permanently unable to engage in work for which you are suited by reason of experience, education, or training, or any combination of those things, or</li> <li>• posing a serious and imminent risk of death.</li> </ul>  | Up to full value of your Member Account, as determined by the Supervisor               | Supervisor                 |

### **Transition to retirement**

If you have turned 55 and want to make a withdrawal as part of your transition to retirement, your payments will be made through periodic payments and subject to the maximum withdrawal amount determined in accordance with the following formula:

$$m = \frac{a}{y+1}$$

Where:

- m = the maximum amount
- a = the amount of the Member's accumulation at the start of the relevant period
- y = the number of remaining relevant periods that commence before the Member reaches age 65 calculated at the start of the relevant period

### Other Retirement Savings Scheme Accumulation

Withdrawals made from Other Overseas Retirement Savings Scheme Transfers are subject to such conditions as the Manager determines are necessary or desirable to ensure the withdrawal is:

- effected in accordance with the laws governing the Other Overseas Retirement Savings Scheme; and
- such other terms and conditions as are agreed between the scheme manager of the Other Overseas Retirement Savings Scheme from which the Other Overseas Retirement Savings Scheme Transfer is received and the Manager and/or such other terms and conditions as the Manager may determine as being necessary or desirable or in the interests of the relevant Member or the Scheme.

### Other

We will decline withdrawals where they would prejudice the Scheme or its Members e.g., if the withdrawal would breach the QROPS rules or conditions imposed on us by a transferring scheme.

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## Related party transactions, conflicts of interest, and changes to the Scheme

### Related Party Transactions

We will only enter into transactions where a related party (a person associated with us or the Scheme) benefits from the transaction where that is permitted by the Governing Legislation and Scheme agreements. We will notify the Supervisor and arrange for certification where required. Investment or administration managers and other delegates that we appoint must also comply with this requirement. However, we or any related party will not be liable to account to the Scheme for any profit arising from those types of transactions, unless that is required by the Governing Legislation.

### Conflicts of Interest

A conflict of interest may arise when a relationship or dealing with us may materially influence our investment decisions in respect of the Scheme, or any Fund within the Scheme.

Related and associated parties may materially influence our investment decisions in relation to the Scheme and each Fund by providing positive or negative incentives or exerting management control to:

- Influence us to invest in securities issued by the related party in preference to securities of other issuers;
- Influence us to use third parties which provide benefits to the related party;
- Influence our decisions to obtain benefit for the related party, or another party over which we have control;
- Influence us to use the services of a related party ahead of third parties.

Our constitution contains a provision requiring the Directors, in the event of a conflict, to act in the best interests of the company and not in the best interests of the parent company. Each Director must also comply with the Director's Code of Conduct and Conflict of Interest Policy. We are also subject to the related party transaction restrictions in the FMCA and required to act in the best interests of Members of the Scheme. These statutory controls have been built into our internal compliance processes and procedures, including the Conflicts of Interest Policy and Procedure which reflects the FMCA's related party transaction rules.

For the purposes of the FMCA, no conflicts of interest currently exist or are likely to arise in the future.



| Existing conflict   | How the conflict is managed  |
|---|--|
| <p>The majority of Directors are shareholders of the parent company. A conflict may arise where the directors may resolve to distribute a dividend to the parent company over re-investment into us to assist in further mitigating any risk to the robustness of the company procedures and compliance with the FMCA regime.</p> | <p>We are subject to the conditions of our manager licence and those conditions relating to the maintenance and reporting of net tangible assets. Fiduciary duties and other duties under the FMCA and Companies Act 1993 are also imposed on our Directors. Further, we are subject to the solvency requirements of the Companies Act 1993.</p> <p>The independent Director's role is to assist the Board to manage the Directors conflicts of interest, if they occur.</p> |

## Market Indices

None of the Funds seek to outperform a benchmark. For comparative purposes only, fund performance may be considered in relation to the indices set out in the Scheme's SIPO. This can be found on the scheme register on the Disclose website <https://disclose-register.companiesoffice.govt.nz>.

## Fees & Expenses

### Management Fee

We are entitled to a fee from each Fund for performing our functions as Manager of the Scheme of an amount we determine (plus GST if any), subject to the Trust Deed and the Governing Legislation. The fee is calculated on a basis agreed with the Supervisor, and is currently paid monthly in arrears.

The Management Fee for each Fund is 1.00%.

As part of our Management Fee, we recover the Supervisor's fee, Custodian's fee, and Administration Manager's fee (plus GST if any) that are incurred to operate the Funds. Net of these fees our residual Management Fee is 0.79% per annum. Out of the residual Management Fee we also meet other Fund costs like service provider minimum fees, legal, audit and regulatory costs.

We are able to waive or reduce our fees.

### Administration Charges

The Administration Charges are estimated at the percentages set out in the PDS. The Administration Charges are made up of the following fees and charges.

#### **Supervisor's fee**

The Supervisor is entitled to a fee as agreed with us (plus GST, if any), subject to the Trust Deed and Governing Legislation. The fee is calculated on a basis agreed between us and the Supervisor, and is currently paid monthly in arrears. The Supervisor is also entitled to reimbursement out of the Scheme of expenses that it incurs in performing its services in relation to the Scheme. This includes any amounts paid by the Supervisor to any Custodian it appoints in respect of the services provided by the Custodian in relation to the Scheme. Currently, we pay this fee out of the fees paid to us as manager.

#### **Administration Manager's Fee**

The Scheme administrator is entitled to a fee as agreed with us (plus GST, if any) for registry services, investment account and administration services. These fees will be calculated as a per annum % of the total aggregated funds under administration for the Scheme but subject to a minimum dollar amount. Currently, we pay this fee out of the fees paid to us as manager.

#### **Expenses**

We and the Supervisor are entitled to reimbursement for all reasonable costs and expenses incurred on behalf of each Fund. These include the costs of preparation of this Document and other documents in relation to the scheme, professional advisers' fees, taxes/duties and other administration costs. Currently, we pay these expenses out of the fees paid to us as manager.

We are entitled to reimbursement out of the Scheme of expenses we incur in performing our services in relation to the Scheme. Currently, we pay those expenses out of the fees paid to us as manager.

#### **Management and administration charges for Underlying Funds**

The Administration Charges detailed in the PDS also include management and administration charges paid out of Underlying Funds. These charges are calculated in the unit pricing for the Underlying Funds.

We have to estimate these charges and the charges are not based on fixed percentages of net asset value. To do that, we use the charges disclosed in the most recent publicly available annual reports from the manager of the Underlying Fund at the time we make the estimation. Where these reports do not fully cover such charges, we obtain further information from the manager of the Underlying Fund.

The actual amounts incurred may vary from our estimates.

All of the Funds in the Scheme can invest into Underlying Funds. The Scheme does not currently invest into any Underlying Funds that charge performance-based fees.

**Early Withdrawal Fees**

If you withdraw more than 25% of your UK Pension Transfer Accumulation or Other Contribution in the first three years of becoming a member of the Scheme you will pay an early withdrawal fee of 3% of the amount withdrawn over 25% of your UK Pension Transfer Accumulation or Other Contribution less 1% for every complete 12 months you have been a Member of the Scheme. This fee does not apply, if in the first three years you make one off withdrawals totalling no more than 25% of your UK Pension Transfer Accumulation or Other Contribution and/or you start making an annual or regular income withdrawal to support your retirement. There are other circumstances where we may exercise our discretion to waive the Early Withdrawal Fee.

## Basis for estimates of fund charges in the PDS

The Annual Fund Charges for existing Funds is calculated as a percentage of the net asset value (NAV) of the fund. It is made up of our management fee (which is calculated daily as a percentage of the NAV of the relevant fund and paid monthly in arrears), establishment cost amortisation, and estimated fees and expenses of underlying funds.

The annual fund charge does not include trading expenses (the actual costs incurred in the buying and selling of assets in a fund, such as brokerage and spreads). These are a separate cost for each fund in addition to the annual fund charge.

When calculating the estimated annual fund charges, we estimated what we expect to pay for the expenses of the funds, and fees and expenses of underlying funds.

Actual Annual Fund Charges, however, may vary from the estimates and will depend on the AUM of the Fund, the expenses incurred by the Fund and performance of the Underlying Funds.

At the date of this document the Ranfurly New Zealand Dollar Growth Fund has not been in existence for 12 months. The Annual Fund Charge is based on our estimate of charges for the fund.

At the date of this document the Ranfurly Sterling Growth Fund has been restructured. The Annual Fund Charge is based on our estimate of charges for the restructure fund.

The estimate is based on a number of variables wholly or partially outside our control. These include the level of investor appetite for the fund and the aggregate amount of money investors are willing to invest. By their nature, forecasts are uncertain. The actual figures may vary. Because of the nature of the charges the variance should not be significant or material.

## Fund-specific charges

Entry and withdrawal charges may apply to the Underlying Funds.

The Funds currently invest into the following Baillie Gifford Managed Funds to achieve their target allocations:

- Baillie Gifford Sterling Aggregate Bond Fund
- Baillie Gifford Managed Fund
- Baillie Gifford Long Term Global Growth Investment Fund

The Underlying Funds charge a 'dilution adjustment fee' where their funds suffer a reduction in the value of the fund's property because of the costs of buying or selling investments for the Fund.

Set out below are the latest available maximum dilution adjustments for each Underlying Fund. These are included for indicative purposes only.

| Underlying Fund  | Dilution adjustment applicable to purchases (%) | Dilution adjustment applicable to redemptions (%) |
|--|---|---|
| <b>Baillie Gifford Sterling Aggregate Bond Fund</b>            | 0.20%   | 0.20%   |
| <b>Baillie Gifford Managed Fund</b>                            | 0.23%   | 0.12%   |
| <b>Baillie Gifford Long Term Global Growth Investment Fund</b> | 0.08%   | 0.07%   |

## Financial adviser and transfer agent fees

Your financial adviser or transfer agent may charge you fees for advising on and facilitating your investment in the Scheme. These may be paid out of your investment in the Scheme. Fees currently payable to your Financial Adviser are as follows:

| Fee                                      | Amount  | Explanation  |
|--|---|--|
| <b>Pension Transfer Facilitation Fee</b> | You agree the amount with your financial adviser.   | This is a fee for assessing your existing pension and transferring it to the Scheme. Where the regulatory environment allows, we may pay this from your Member Account. It is paid to your transfer agent. We do not receive this fee. It is payable before your investment is unitised in the scheme.   |
| <b>Pension Transfer Advice Fee</b>       | You agree the amount with your UK Registered Financial Adviser.<br><br>This fee is agreed between you and your UK Registered Financial Adviser. | For any UK pension transfer from a defined benefit scheme where the transfer value is GBP30,000 or more, you must first obtain advice about that transfer from a UK Registered Financial Adviser. When such instance occurs, you can choose to have the UK Registered Financial Adviser's fee paid from the transfer value of your investment. This fee is paid to your UK Registered Financial Adviser. We do not receive this fee. |
| <b>Ongoing Financial Adviser Fee</b>     | You agree the amount with your Registered Financial Adviser.  | This is paid to your financial adviser for introducing you to the Scheme and providing on-going service. It is calculated monthly and paid quarterly to your financial adviser. We do not receive this fee. This fee will only be paid to appropriately qualified and regulated advisers where it is lawful to do so in the jurisdiction in which they operate.  |

## The fees can be changed

The fees can be changed. The following table summarises how the fees may be changed.

| Fee  | How can it be changed  |
|--|--|
| <b>Management fee</b>  | By amending this document, a draft of which must be provided to the Supervisor in advance.                                     |
| <b>Supervisor's fee (also covers Custody)</b>  | By agreement between us and the Supervisor.  |
| <b>Administration fee</b>  | By agreement between us and Adminis NZ Limited, and the Supervisor's agreement that the amended amount is fair and reasonable. |
| <b>Management and administration charges in Underlying Funds and other fund specific charges</b> | Generally, by the manager of the Underlying Fund, at their discretion.   |
| <b>Financial adviser and transfer agent fees</b>   | By agreement between you and your financial adviser or transfer agent.   |

We can charge any Member or group of Member's fees at a lower rate or waive or rebate fees for any Member or group of Members.

We must publish a fund update for each Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available (once published) at [www.ranfurlysuperannuation.com](http://www.ranfurlysuperannuation.com).

## Glossary

**ASIC** means the Australian Securities and Investments Commission.

**Auditor** means the person appointed as auditor of the scheme from time to time. The auditor must hold a license under the Auditor Regulation Act 2011. The Scheme's current Auditor is BDO Christchurch.

**Administration Manager** means the person who is engaged to administer the Scheme from time to time. Adminis NZ Limited is the Scheme's current Administration Manager.

**Defined benefit scheme** is a type of pension scheme where members' benefits are determined by reference to factors such as duration of employment and salary history rather than contributions and investment performance. Defined benefit schemes are sometimes also referred to as 'final salary' schemes.

**Effective Date** means 30 November 2016 being the date on which the Scheme transitioned to the FMCA regime.

**FMA** and **Financial Markets Authority** means the Financial Markets Authority, New Zealand's financial markets conduct regulator. The Scheme is registered with and regulated by FMA. FMA does not endorse the Scheme and no person (including the FMA) guarantees the performance of your investment in the Scheme or the return of your investment capital.

**FMCA** means the Financial Markets Conduct Act 2013 (and includes the Financial Markets Conduct Regulations 2014).

**Foreign investment zero rate PIE** and **zero rate PIE** means a Portfolio Investment Entity that invests the vast majority of its funds offshore. Foreign investors in this category of PIE that notify the Scheme of this status enjoy a 0% tax rate on all of their attributed income.

**Funds** means the investment funds that are offered through the Scheme, currently being the Ranfurly New Zealand Dollar Growth Fund (New Zealand Dollar denominated), Ranfurly New Zealand Dollar Balanced Fund (New Zealand Dollar denominated) Ranfurly Sterling Growth Fund (Pounds Sterling denominated), Ranfurly Sterling Balanced Fund (Pounds Sterling denominated) and the Ranfurly Sterling Conservative Fund (Pounds Sterling denominated).

**Currency Hedging** means a method used to eliminate or "hedge" foreign exchange risk by taking an offsetting position in a related security, such as a forward currency contract to reduce the risk of adverse currency movements.

**Governing Legislation** means as appropriate, all laws and regulations applicable to us (including compliance by us with the terms of our licence under the FMCA as a manager of managed investment scheme), the Supervisor, and the Scheme at applicable points in time, and which may include without limitation, the Financial Markets Legislation and methodologies or frameworks issued by the FMA under the Financial Markets Legislation.

**HMRC** means Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government.

**Margin** means an amount of money deposited by the Scheme to cover the credit risk of holding a forward currency contract with a broker or exchange. Typically, it is asked for daily by the broker if the position is making a loss.

**MB Funds Ltd, we, us, our** and the **Manager** means MB Funds Limited, the manager of the Ranfurly Superannuation Scheme.

**Member** means a person who has joined the Scheme. A Member will usually be an individual. However, membership is also open to KiwiSaver Schemes and other registered superannuation schemes.

**Member Account** means the Member's account in the Scheme. The value of the account is the value of the Member's investments in the Funds, plus the value of any cash held on account of the Member, minus any liabilities such as unpaid tax and accrued fees and expenses.

**Mutual Recognition Scheme** means an entity that is a complying Managed Investment Scheme for the purposes of Chapter 8 of the Corporations Act (Aust) 2001 and that is regulated by the Corporations Regulations (Aust) 2001 8.2.01 to 8.2.04



**Net Assets** means the value of a Fund's assets, minus its liabilities, calculated in accordance with the governing document.

**Other Contributions** means the part of your Member Account that is not your UK Pension Transfer Accumulation.

**Permitted Withdrawals** means the withdrawals Members become entitled to from their Member Account under the Superannuation Scheme Rules and the Trust Deed.

**PIE or Portfolio Investment Entity** means a type of tax entity as defined in section YA 1 of the Income Tax Act 2007 that will generally pay tax on investment income based on the prescribed investor rate (PIR) of their investors, rather than at the entity's tax rate.

**PIR or Prescribed Investor Rate** means the rate chosen by an investor at which the PIE will be taxed in respect of that part of its income that is attributable to the investor as defined in section YA 1 of the Income Tax Act 2007.

**Public Trust** means Public Trust, the Scheme's Supervisor.

**QROPS or Qualifying Recognised Overseas Pension Scheme** means a designation for retirement savings schemes under UK tax law. Retirement Savings Schemes that are QROPS may receive pension transfers from registered pension schemes in the UK and also transfers of UK pension funds from other QROPS. These transfers are subject to certain restrictions on payments made from the amounts transferred.

**Scheme or Ranfurly Superannuation Scheme** means the Ranfurly Superannuation Scheme as a whole, which is a registered Managed Investment Scheme

**SIPO** means the Statement of Investment Policy and Objectives for the Scheme (as defined by the FMCA).

**Superannuation Scheme Rules** means Schedule 12 of the Financial Markets Conduct Act Regulations 2014 which, together with the Trust Deed, define Permitted Withdrawals.

**Supervisor** means the person who is the supervisor of the Scheme from time to time. Public Trust is the Scheme's current Supervisor.

**Switch** means a reallocation of your investment money between the Funds operated by the Scheme.

**Switch Request** means a request to make a Switch.

**Trust Deed** means the Trust Deed which governs the Scheme, as amended and restated from time to time.

**UK Pension Transfer Accumulation** means money you transfer to the Scheme from a UK Pension Fund or otherwise previously invested in a UK Pension Fund and investment gains on that money.

**Underlying Funds** means the investment funds or separate investment accounts managed by Underlying Managers into which the Funds invest.

**Underlying Manager** means the professional investment manager who manages the Underlying Funds.

**Unit** means an undivided part or share in a Fund in the Scheme as described in the Trust Deed and includes part of a unit.

**Valuation Time** means in respect of each Investment Fund such time or times, and at such intervals as we may from time to time determine and disclose in the Offer Document, by reference to which the Value of the Investment Fund is calculated provided that such intervals shall be no longer than one month or such other period agreed between the Supervisor and Manager.

**Volatility** is a measure of the variation in price of a financial instrument over time. Typically, this is measured in standard deviations from the mean or average over a set time period.